



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

Outgoing
C0070035
#3547
K

August 4, 2010

Mr. Rusty Netz, Environmental Coordinator
Sunnyside Cogeneration Associates
One Power Plant Road
P.O. Box 159
Sunnyside, UT 84539

Subject: Midterm Permit Review, Sunnyside Cogeneration Associates, Sunnyside Refuse/Slurry, C007/0035, Task #3547

Dear Mr. Netz:

The Division of Oil, Gas and Mining has (the Division) reviewed the Sunnyside Refuse and Slurry Mining and Reclamation Plan (MRP) as part of the midterm review.

The Division has determined that there are deficiencies relative to Review Items #2, #3, #4, #5 and #6 as identified in the Commencement of Midterm Review letter mailed to you on June 3rd, 2010. The deficiencies are listed as an attachment to this letter. The initials of each deficiencies author are provided so that your staff can communicate directly with that individual should questions arise.

Please respond to the deficiencies by September 8, 2010. If you have any questions please call me at (801) 538-5362 or Steve Christensen at (801) 538-5350.

Sincerely,

James D. Smith
Permit Supervisor

JDS/SKC/sqs
cc: Price Field Office
O:\007035.SRS\FINAL\WG3547\WG3547_MdTrm_Def_Ltr.doc

Deficiency List
Task No. 3547
Midterm Review

The members of the review team include the following individuals:

April Abate (AA)
Peter H. Hess (PH)
Kevin Lundmark (KL)
Angela Nance (AN)

Review Item #2 (AA): *A review to ensure that the mine plan has been updated to reflect changes in the Utah Coal Regulatory Program that have occurred subsequent to permit approval.*

R645-301-515.321, R645-301-515.322 and R645-301-731.300- The Permittee must provide a commitment that upon entering a period of temporary cessation (longer than 30 days), one sample for every 2,000 cubic yards of coal refuse material will be collected and analyzed for acid- and toxic-forming materials in accordance with Tables 7 and 8 of the Division of Oil, Gas and Mining Guidelines For The Analysis of Topsoil and Overburden. The analytical results will then be supplied to the Division for review.

Review Item #5 (PH): *A review of the bond to ensure that it is in order and that the cost estimate is accurate and is escalated to appropriate current-year dollars.*

R645-301-830.140- The Permittee must provide updated direct cost estimates for the demolition, backfilling and grading and re-vegetation work associated with all of the disturbed areas located within the permit boundary.

Review Item #3 (KL): *A review of the applicable portions of the permit to ensure that the mine plan contains commitments for application of the best technology currently available (BTCA) to prevent additional contributions of suspended solids to stream flows outside of the permit area; and*

Review Item #6 (KL): *A review of the mining and reclamation plan for compliance with operator commitments and special permit conditions related to hydrology.*

R645-301-121.100- Revise the MRP text, Plate 7-1 and Appendix 7-7, as necessary, to accurately describe the Alternative Sediment Control's (ASCs) currently in-place at the site.

Review Item #4 (AN): *An AVS check to ensure that Ownership and Control information is current and correct, verify compliance status of unabated enforcement actions, determine status of any outstanding finalized penalties and verify that there are no demonstrated patterns of violation.*

R645-301-112.330:

- **CP Sunnyside I, Inc.**

1. The MRP shows **Michael J. Blakey** as an active officer. However, the AVS database shows Mr. Blakey with an End Date of 6/10/2009. *Please address this discrepancy.*
2. *Please include begin dates for each of the officers and directors.*

- **Sunnyside II, Inc. & Sunnyside III, Inc.**

1. The MRP shows **Michael J. Blakey** as an active officer. However, the AVS database shows Mr. Blakey with an End Date of 6/10/2009. *Please address this discrepancy.*
2. *Please include begin dates for each of the officers and directors.*

- **Colmac Sunnyside, Inc.**

1. The MRP shows **Greg Lawyer** as an active officer and director. However, the AVS database shows Mr. Lawyer with an End Date of 7/15/2009. *Please address this discrepancy.*
2. The AVS database shows **Chris Thompson, President and Director** with a Begin Date of 7/15/2009. This information is not in the MRP. *Please address this discrepancy.*
3. The MRP shows **William Cangan** as **Assistant Secretary**. This information is not in the AVS. *Please address this discrepancy with a Secretary's Certificate.*
4. *Please include begin dates for each of the officers and directors.*

- **Sunnyside Holdings I, Inc.**

1. The MRP shows **Greg Lawyer** as an active officer and director. However, the AVS database shows Mr. Lawyer with an End Date of 7/15/2009. *Please address this discrepancy.*
2. The AVS database shows **Chris Thompson, President and Director** with a Begin Date of 7/15/2009. This information is not in the MRP. *Please address this discrepancy.*
3. The MRP shows **William Cangan** as **Assistant Secretary**. This information is not in the AVS. *Please address this discrepancy with a Secretary's Certificate.*
4. *Please include begin dates for each of the officers and directors.*

- **Savage Services Corporation**

1. The MRP shows **C. Scott Smith** as an active officer. This information is not in AVS. *Please address this discrepancy with a Secretary's Certificate.*

2. The AVS database shows the following officers/directors as active, however, this information is not listed in the Sunnyside Refuse and Slurry MRP. *Please address this discrepancy.*

<i>L. Reese</i>	<i>Treasurer</i>	<i>1/20/2003</i>
<i>Eric Adamson</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>Arthur Johnson</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>C. Busch</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>Raymond Alt</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>Kenneth Cooper</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>Kim Christensen</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>Kenneth Ellzey</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>Boyd Draper</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>M. Savage</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>Terrence Savage</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>Ellis Edwards</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>Charles Monroe</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>Jeff Chester</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>Troy Reid</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>Mark Wehmanen</i>	<i>SVP</i>	<i>1/20/2003</i>
<i>Gary Plant</i>	<i>SVP</i>	<i>1/20/2003</i>

- **Sunnyside II, L.P.**

1. The MRP indicates that SCA is a joint venture between Sunnyside Holdings I, Inc. and Sunnyside II, L.P. and therefore the corporate information for SCA can be found under these two companies. However, there is no corporate information provided for Sunnyside II, L.P. *Please provide the corporate information for this company, or if none exist please provide an explanation of why there are no officers or directors listed for this company.*

- **Sunnyside Generation, LLC**

1. *Please provide the corporate information for this company, or if none exist please provide an explanation of why there are no officers or directors listed for this company.*

The following companies are listed as owners or controllers in AVS, but are not listed in the Mining and Reclamation Plan. *Please address this discrepancy.*

- **Mcdermott International, Inc.**
- **Mcdermott, Inc.**
- **Babcock and Wilcox Investment Co.**
- **Babcock and Wilcox Co.**
- **Babcock and Wilcox Equity Investment, Inc.**
- **Northern States Power Co.**
- **Nrg Energy, Inc.**

Lastly, provide an explanation of the relationship between COSI and SCA, ACI and SCA and Constellation Energy Co. and SCA.